

SUBJECT: Commercial Sales in West Germany of SCHLAGZEUG under Project LCCASSOCK

In the last quarter of the past fiscal year the Berlin Base undertook to convert the publication of SCHLAGZEUG from a purely subsidy operation into a commercial venture through the institution of a sales campaign in West Germany, for an improved version of the publication. At that time the Berlin Base proposed to engage in a three month (April-May-June) trial commercial attempt. It was predicted that during that period 10,000 copies monthly of SCHLAGZEUG including salaries would be produced at a monthly cost of approximately DMW 6,000. Sales were expected to bring in about DMW 1,000 per month thus making a net cost of DMW 15,000 ~~XXXXXX~~ to KUBARK for the three month period.

The results of that test period are now in. 33,000 copies were produced, ~~XX~~ 23,462 of these were distributed ⁷⁰ ~~commercial~~ ^{outlets} (the remainder are held in reserve or were distributed free into East Germany), and 2,049 were sold. The cost, exclusive of salaries, of this production was a monthly average of ~~XXXXXX~~ about DMW 7,700 and the total income for the three month period was DMW 786. The net cost to KUBARK therefore was ~~XXXXXX~~ slightly over ~~XX~~ DMW 22,000 plus the salary of six full-time and a varying number of part time employees.

Because of the disappointing sales picture outlined above, the Berlin Base has had to revise its original prognosis regarding the commercial viability of SCHLAGZEUG. Whereas it was originally expected that a break-even point between the ~~XXXXXX~~ cost and income of SCHLAGZEUG ~~XXXXXX~~ would be reached by June of next year, the break-even point is now no longer felt to be predictable but certainly is unlikely to occur until well into 1960 at best. Meanwhile this commercial attempt is expected to cost about DMW 5,500 per month (i.e. about 15% of the LCCASSOCK budget) plus the ~~XXXXXX~~ ^{salaries} of the personnel employed.

Since the distribution of a jazz magazine in West Germany is not a PP objective, the only justification for this commercial attempt by ~~XXXXXX~~ SCHLAGZEUG is the cover it provides to the remainder of the LCCASSOCK operations and it was for this purpose

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCES/METHODS/EXEMPTION 3020
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

22 OCT 1958

that ~~the~~ it was undertaken. The Berlin Base now proposes that the effort be continued into the indefinite future and is currently conducting the operation on that basis. The Berlin Base feels

that the ~~commercial~~ sales of SCHLAGZEUG gives the LCCASSOCK organization the appearance of a legitimate commercial organization and as such ~~xxxxxx~~ makes it less vulnerable to harassment by the East Germans and more attractive to the FedRep.

We feel, on the contrary, that, being a revealed operation employing no agents in East Germany, LCCASSOCK is relatively immune to East German harassment. In fact East German harassment has never been a major problem vis-a-vis LCCASSOCK. Furthermore, since the best possible outcome of this commercial undertaking would be ~~xx~~ a financially independent status for SCHLAGZEUG as opposed to financial independence for the project as a whole, we believe that the amount of cover which can be expected to accrue to LCCASSOCK's East German operations is minimal.

It is, therefore, proposed to inform the field that we feel the commercial effort undertaken by SCHLAGZEUG appears to us ~~too costly~~ to compensate for the benefits which may eventually derive therefrom and to instruct the field to bring the effort to a close as soon as practicable.

Written by ()